

<b>FLA Audit Profile</b>	
Country	China
Factory name	0609153796
IRB	AL-CL-CL China
Date(s) in facility	August 8-9, 2006
PC(s)	Li & Claiborne, Inc.
Number of workers	200
Product(s)	Apparel
Production processes	Cutting, Sewing, Washing, Finishing, Ironing, Packing

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Un corroborated)	If Not Corroborated, Explain Why	Sources/ Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Remediation		Company Follow Up (December 27, 2006)	Documentation	Phase 1		Third Party Verification		Promoemy Verification Follow Up	
											Completed	Pending/ Ongoing			External Verification (Date)	Documentat on	Company Follow Up (Cite Date of Planned or Follow-up Visit, if Appropriate)	Documentation		
<b>3. Code Awareness</b>																				
Confidential Noncompliance Channel		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	No confidential noncompliance reporting mechanism was established at the facility by Li & Claiborne, Inc. (LCI)				document review, worker interviews		Factory should post Li's Code of Conduct (COC) containing the contact information of LCI's local office in prominent areas inside of factory premises and undertake efforts to educate employees about COC on a regular basis.	Factory confirmed corrective action was 10/20/2006. LCI plans to visit the factory in December 2006 to ensure that the COC is properly addressed to all employees.	Factory agreed to post LCI's COC containing confidential noncompliance reporting channel at prominent areas of production floor. Factory will educate all employees about LCI's COC together with the contact information of LCI's local office. However, LCI's COC posted at factory did not contain contact information of LCI's local office. Further checking is required.	Factory posted LCI's COC next to the area of attendance system punched by employees. Factory provided trainings on addressing LCI's COC to employees and maintained records for review. Also, 25 employees interviewed. The contact information of LCI's COC and contact information of LCI's local office.	photos, training records and interview forms	Pending						
Code Posting/Information		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.					document review, management interview		LCI sent the factory a message on 10/20/2006 advising that factory would be subject to unannounced independent external monitoring visits. Factory will maintain this message as a supporting written document.			Noted from management interviews factory had been informed about LCI's COC and about LCI's membership in the FLA. Factory also stated that they knew they would be subject to unannounced independent external monitoring visits. Factory provided the written document for review.	Document	Completed						
<b>4. General Labor</b>																				
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																				
<b>5. Child Labor</b>																				
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																				
<b>6. Harassment or Abuse</b>																				
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.																				
<b>6. Nondiscrimination</b>																				
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																				
<b>6. Health and Safety</b>																				
Employees will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer's facilities.																				
PPE	Art. 54 of PRC Labor Law: The employer shall provide laborers with PPE.	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as vibration or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Sounded 95 db, facility failed to equip boiler operator with earplugs.				factory tour		Factory should provide proper Personal Protective Equipment (PPE) such as ear muffs or earplugs to operators that work in boiler room. Besides, factory should supervise and train these operators to ensure that PPE is used in a proper manner during working time.	Factory confirmed that corrective action was taken 8/30/2006. LCI plans to visit the factory in December 2006 to ensure that appropriate PPE is provided to operators and being used properly.	Factory agreed to provide earplugs to operators, and to educate and supervise them on properly wearing them during working time.	Earplugs provided by facility and utilized by boiler operator properly. Factory provided training on how to use PPE properly to employees on 11/22/2006; relevant records were maintained on site.	photos, training records	Completed						
Fire Equipment	In accordance with Design Standard for Employment of Fire Extinguishers in Buildings (GB140-96 Document)	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques.	3 fire extinguishers in A3 production building blocked.						Factory should conduct regular inspection on fire extinguishers to ensure all fire extinguishers are free from obstacles and readily accessible to employees.	Factory confirmed that corrective action had been taken.	Factory agreed to conduct physical inspections on all fire extinguishers on a routine basis in order to ensure all fire extinguishers are easily accessible by employees.	All extinguishers were free from obstacles and inspections on the extinguishers had been performed on a routine basis.	photos, regular inspection records	Completed						
<b>7. Freedom of Association and Collective Bargaining</b>																				
Employees will recognize and respect the right of employees to freedom of association and collective bargaining.																				
Freedom of Association	<b>FLA Comment:</b> The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (AFTU). According to the A.C.U. many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the						document review, worker interviews		Factory should educate workers that they have rights to set up union.	Factory confirmed that corrective action was taken 10/20/2006. LCI plans to visit factory in December 2006 to ensure that an educational briefing on advising employees on their rights to set up union occurred.	Factory agreed to provide an educational briefing on advising employees on their rights to set up union.	All 25 workers interviewed were aware of their right to set up union. Factory provided an educational briefing on advising employees on their rights to set up union; briefing was properly documented.	training record, interview forms	Completed						
<b>8. Wages and Benefits</b>																				
Employees recognize that wages are essential to meeting employee's basic needs. Employees will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																				

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	FLA Evidence						Remediation						Planned Modifications Follow-Up			
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Un corroborated)	If Not Corroborated, Explain Why	Sources/ Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (December 27, 2006)	Documentatio n	Completed / Pending, Ongoing		External Verification (Date)	Documentati on	Company Follow Up (Cite Date of Planned or Follow-up Visit, if Appropriate)
<b>8. Hours of Work</b>																		
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime, and (ii) be entitled to at least one day off in every seven-day period.																		
Overtime Limitations	Regulation by State Council on Working Hours, Art. 3: Laborers shall work for no more than 8 hours a day and not more than 40 hours a week. Art. 41 of PRC Labor Law (Chapter 4 Working Hours, Rest Days and Holidays): Employees should not be allowed to work more than 3 overtime hours per day and 36 overtime hours per month.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven-day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.			During interviews, [some] workers stated that they sometimes worked 3 hours OT 4 or 5 days per week, exceeding 60 working hours per week.	Audit team checked time records and payrolls to verify whether workers' claims were true. Per document review, time records and payrolls were consistent and accurate; no discrepancies observed. Calculation of working hours corroborated facility was compliant with the requirement. Audit team could not come up with a conclusion.	worker interviews, review of time records and payrolls				Factory provides a pay slip to workers during wages payment. Pay slip states the actual working hours (including OT) of a worker for a particular month. Worker should check the pay slip, and advise factory management if there are discrepancies in working hours and wages.	All 25 employees interviewed confirmed that a pay slip was provided by factory.	Interview forms	Completed				
<b>16. Overtime Compensation</b>																		
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																		
Security guard licenses	Art. 3 of Determination Made by the Ministry of Public Security on Consolidating the Industry of Security Guards: The security guards should have the occupational licenses issued by the Department of Public Security and registered with the local police station.		[Some of the] security guards did not have legally mandated licenses. Management expressed that [some] of them had participated in training courses, but the security administration office in that district had not yet defined when the licenses will be available. They will arrange licenses for the rest of guards as soon as possible.				document review, management interview		Factory should ensure that all security guards attend the training course and obtain legally mandated licenses.	Factory confirmed that corrective action was taken 11/30/2006. LCI plans to visit factory in December 2006 to ensure all security guards possessing the licenses.	Factory agreed to arrange for security guards who do not have licenses to attend training course in October 2006, so that they can obtain their legally mandated licenses accordingly.	[Some] security guards already had legally mandated licenses. From on information provided, other security guards also obtained the mandated licenses. Hence, [some] security guards still have not obtained legally mandated licenses. LCI visited factory on 10/30/2007 and noted that [those] security guards had already attended training course as legally required. However, they are waiting for local security management office to issue legally mandated licenses. Further checking is required.	photocopy of licenses	Pending				
Other							review of paper, management interview and worker interviews	Factory has an internal publication called "Factory Name News", which is edited in a newspaper style and published monthly. Facility takes advantage of this publication to inform workers of updates and changes to factory's policies and codes; factory and industry news; activities held recently; trainings on production skills; feedback to complaints or suggestions, etc. Besides, workers are welcomed to submit their compositions to be published in the paper.										